

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	CSSB 74(STA)
Fiscal Note Number:	19
(S) Publish Date:	4/16/2015

Identifier: SB074CS(STA)-DHSS-SDSA-04-14-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Senior and Disabilities Services
Allocation: Senior and Disabilities Services Administration
OMB Component Number: 2663

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	108.0		324.0	324.0	324.0	324.0	324.0
Travel	2.3		6.8	6.8	6.8	6.8	6.8
Services	186.8		193.9	540.8	10.6	10.6	10.6
Commodities	2.5		7.6	7.6	7.6	7.6	7.6
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	299.6	0.0	532.3	879.2	349.0	349.0	349.0

Fund Source (Operating Only)

1002 Fed Rcpts	189.9		306.2	479.7	174.5	174.5	174.5
1003 G/F Match	109.7		226.1	399.5	174.5	174.5	174.5
Total	299.6	0.0	532.3	879.2	349.0	349.0	349.0

Positions

Full-time	1.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Senate State Affairs Committee Substitute for SB 74.

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Agency: Health & Social Services

Phone: (907)269-2083
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Date: 04/14/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 4(5) directs the Department to reduce the cost of behavioral health, senior and disabilities services provided to recipients of medical assistance under the state's home and community-based waiver. **Section 10** requires the Department to apply for "any waivers necessary" to implement this bill.

The Department will apply to the Centers for Medicare and Medicaid Services (CMS) to develop two new Medicaid funding authorities, the 1915(i) and 1915(k) State Plan options. Under these new authorities the state will realize savings in the provision of home and community-based services (HCBS). Services under these new funding authorities will reduce general fund expenditures by replacing 100% general fund services (1915(i) option) or capturing a higher federal match rate (1915(k)).

In FY2018 the Department anticipates new costs associated with initial eligibility assessments of individuals previously served through the general fund grant programs or services. The estimated number of new assessments = 1,539. Cost per assessment = \$225.41 (not including travel). Estimated cost to manage the 1,539 initial eligibility assessments = \$346.9 in FY2018.

In FY2016, FY2017, and FY2018 the Department anticipates additional expenditures related to the "Automated Services Plan" management information system. State staff, providers, and consumers will have access to the system and a public web resource center. The Department will plan and configure substantial, necessary software changes to this system for new assessments, additional programmatic elements, and interfaces with other department data management systems. Additional user accounts and licenses, and training and support for all users, will need to be developed and supported.

Estimated costs for system changes and development = \$550.0, of which \$300.0 is eligible for enhanced federal funding at a 90% federal match, and the remaining \$250.0 is eligible for the standard 50% federal match. Much of these costs will be realized in the development years (one-third each in FY2016-FY2018), while the savings will continue and grow as overall expenditures grow.

To determine eligibility for these Medicaid programs, federal regulation requires the state to perform an annual "hands-on" functional eligibility determination. The current GF-funded grant programs do not require this determination; therefore SDS will need additional staff to perform functional eligibility assessments on the approximately 3,000 individuals transitioning from the state grant programs. These staff will be Health Program Manager II positions, one in FY2016 and two more starting in FY2017. Positions = \$108.0 apiece. Travel = \$2.3; Services = \$3.5; Commodities = \$2.5.

SDS requests the two additional staff in out-years to give the agency capacity for ongoing administration of a significantly larger Medicaid program. State and federal regulations mandate state responsibility for trained staff to perform annual functional eligibility assessments and review of each recipient's "plan of care" for home and community-based services. Because the State relies on a fully privatized workforce of over 1,300 for- and non-profit agencies, a larger program requires additional resources for ongoing provider certification and oversight, including regulatory compliance and fraud detection. Also, the State must ensure the health and safety of the most vulnerable and infirm members of the community with ongoing quality assurance actions, including on-site provider reviews and forensic activities. Finally, as the state mounts its performance evaluation activities, extensive data development, gathering and management add to the agency's responsibilities.

Regulation changes are required to implement the new options and would involve extensive public comment. The estimated effective date of regulation changes is July 2017.